

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Hartford Fire Board	County Van Buren County
Fiscal Year End June 30, 2006	Opinion Date February 2, 2007	Date Audit Report Submitted to State 2/16/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

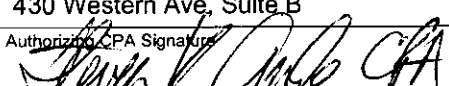
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Angle & Steffes, P.C.		Telephone Number 269-686-9050	
Street Address 430 Western Ave, Suite B		City Allegan	State MI
Authorized CPA Signature 		Printed Name Steven K. Angle, CPA	Zip 49010
		License Number 14653	

HARTFORD FIRE BOARD

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS	
Government Wide Statement of Net Assets	3
Government Wide Statement of Activities	4
Governmental Fund Balance Sheet	5
Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance	6
Notes to the Financial Statements	7 - 15
SUPPLEMENTAL INFORMATION AND ADDITIONAL	
Budgetary Comparison Schedule - General Fund	16
Budgetary Comparison Schedule - Capital Projects	17

INDEPENDENT AUDITOR'S REPORT

February 2, 2007

To the Hartford Fire Board
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hartford Fire Board, Van Buren County, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hartford Fire Board, Van Buren County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hartford Fire Board as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Hartford Fire Board has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

The management's discussion and analysis and budgetary comparison information on pages 2 and 16 through 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants

HARTFORD FIRE BOARD MANAGEMENT DISCUSSION AND ANALYSIS

This report represents an accurate view of the operations of the Hartford Fire Board for the year ended 6/30/06. The Statement of Net Assets and the Statement of Activities show that we have significantly increased our assets in the last year. The Budgetary Comparison Schedule shows that we operated within our budget, and the Fund Balance Sheet shows that we have monies set aside for the purchase of equipment.

Again this year, the financial position of the Hartford Fire Board has remained stable. We received two grants this year. One to purchase air bottles and another to purchase an exhaust system for the apparatus room. In addition to those grants, we were the benefactors of multiple anonymous gifts for the purpose of purchasing a new ladder truck. In November we went to the voters and asked for a millage to complete the funding of the new ladder truck. That millage was passed by a sizeable margin. We have ordered the ladder truck and it should be here by the end of the calendar year.

Our firefighters are some of the best in the area. We have had very little change in the firefighter's roster this year. They continue to train each month and several are taking officer training courses. The Chief is doing a great job leading his firefighters.

This financial report is intended to provide our community with a general overview of the finances of the Hartford Fire Board and to show the Fire Board's accountability for the monies it receives. If you have any questions about this report or need additional information, we welcome you to contact the Chairman of the Fire Board.

Daniel A Dowd, Chairman
Hartford Fire Board

HARTFORD FIRE BOARD
GOVERNMENT WIDE STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 609,497	\$ 609,497
Investments	0	0
Receivables - net	20,664	20,664
Prepays	0	0
Capital assets - net	<u>0</u>	<u>0</u>
 Total Assets	 <u>630,161</u>	 <u>630,161</u>
LIABILITIES		
Accounts payable	31,092	31,092
Accrued and other liabilities	0	0
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>31,092</u>	 <u>31,092</u>
NET ASSETS		
Invested in Capital Assets		
Restricted For		
Public safety	<u>599,069</u>	<u>599,069</u>
 Total Net Assets	 <u>\$ 599,069</u>	 <u>\$ 599,069</u>

The Notes to Financial Statements are an integral part of this statement.

**HARTFORD FIRE BOARD
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Public safety	\$ 204,107	\$ 1,256	\$ 135,036	\$ 388,664	\$ 320,849	\$ 0	\$ 320,849
Total Governmental Activities	204,107	1,256	135,036	388,664	320,849	0	320,849
Total Primary Government	\$ 204,107	\$ 1,256	\$ 135,036	\$ 388,664	\$ 320,849	\$ 0	\$ 320,849
General Revenues							
Investment earnings					10,761	0	10,761
Miscellaneous					5,984	0	5,984
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					16,745	0	16,745
Change in Net Assets					337,594	0	337,594
Net Assets-Beginning - previously stated					257,981	0	257,981
Prior Period adjustment					3,494	0	3,494
Net Assets-Beginning - restated					261,475	0	261,475
Net Assets-Ending					\$ 599,069	\$ 0	\$ 599,069

The Notes to Financial Statements are an integral part of this statement.

HARTFORD FIRE BOARD
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2006

	General Fund	Capital Equipment Fund	Total Governmental Fund
ASSETS			
Cash and cash equivalents	\$ 199,390	\$ 410,107	\$ 609,497
Investments	0	0	0
Receivables - net	20,664	0	20,664
Total Assets	220,054	410,107	630,161
LIABILITIES			
Accounts payable	31,092	0	31,092
Due to other funds	0	0	0
Total Liabilities	31,092	0	31,092
FUND BALANCES			
Reserved for	0	410,107	410,107
Equipment purchases	188,962	0	188,962
Unreserved			
Total Fund Balances	\$ 188,962	\$ 410,107	\$ 599,069
Net Assets of Governmental Activities			\$ 599,069

The Notes to Financial Statements are an integral part of this statement.

HARTFORD FIRE BOARD
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
June 30, 2006

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Grants	\$ 88,664	\$ 0	\$ 88,664
Contributions from local units	125,036	10,000	135,036
Charges for services	1,256	0	1,256
Interest and rentals	5,746	5,015	10,761
Donations	0	300,000	300,000
Other revenue	5,984	0	5,984
Total Revenues	226,686	315,015	541,701
Account Description			
Current			
Public safety	117,142	0	117,142
Capital outlay	86,965	0	86,965
Total Expenditures	204,107	0	204,107
Excess of Revenues Over (Under)			
Expenditures	22,579	315,015	337,594
Other Financing Sources (Uses)			
Transfers in	0	7,539	7,539
Transfers (out)	(7,539)	0	(7,539)
Total Other Financing Sources (Uses)	(7,539)	7,539	0
Excess of Revenue and Other Sources Over (Under)			
Expenditures and Other Uses	15,040	322,554	337,594
Fund Balance- beginning - previously stated	257,981	0	257,981
Prior Period Adjustments	(84,059)	87,553	3,494
Fund Balance- beginning - restated	173,922	87,553	261,475
Fund Balance-ending	\$ 188,962	\$ 410,107	\$ 599,069

The Notes to Financial Statements are an integral part of this statement.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hartford Fire Board was created pursuant to the provisions of Section 6, Act 33, Public Acts of Michigan, 1951, as amended, for the purpose of providing fire protection and related services for the City of Hartford and the Township of Hartford.

The accounting policies of the Hartford Fire Board conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Fire Control Board Activity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is a Special Revenue Fund of the Fire Board. The Capital Project Fund is used to account for the proceeds of specific revenue that are legally restricted to expenditures for specified purposes.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Fire Control Board does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown as net of allowance for uncollectible amounts.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment & Fire Trucks	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Capital Assets are owned by the City of Hartford and Township of Hartford 50/50 share.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements do not differ from the Governmental fund financial statements. No debt or fixed assets are recorded by the Fire Board.

Governmental Fund Balances	\$ 599,069
Net Assets of Governmental Activities	<u>\$ 599,069</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Fire Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Board, therefore, the level of budgetary responsibility is by total appropriations however, for report purposes, this level has been expanded to a functional basis (Public Safety).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year the Local Government Unit did not exceed the budget.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 609,497	\$ 609,497

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 609,497
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 609,497</u>

The bank balance of the primary government's deposits is \$609,497 of which \$287,469 is covered by federal depository insurance.

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds		
	General Fund	Capital Equip Fund	Total
Grants Receivable	\$ 20,664	\$ 0	\$ 20,664
Due from other funds	0	0	0
Less: allowance for uncollectibles	0	0	0
Net Receivables	<u>\$ 20,664</u>	<u>\$ 0</u>	<u>\$ 20,664</u>

NOTE 6 - CAPITAL ASSETS

Capital Assets purchased by the Hartford Fire Board are owned by the City of Hartford and the Township of Hartford on a 50/50 share basis. Any debt required to purchase assets is also the responsibility of the larger governmental units.

During the fiscal year of audit, air packs were purchased with federal grant monies in the amount of \$69,593. Betterments and improvements to the building's parking and drain systems totalled \$17,372. The Hartford Fire Board monitors the equipment and facility's conditions to keep them in good repair.

HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
Capital Equipment Fund	\$ 0	General	\$ 0
Total	<u>\$ 0</u>		<u>\$ 0</u>

	<u>Transfers (Out)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
<u>Transfers In</u>			
Capital Equipment Fund	\$ 7,539	\$ 0	<u>\$ 7,539</u>
Total	<u>\$ 7,539</u>	<u>\$ 0</u>	<u>\$ 7,539</u>

**HARTFORD FIRE BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 8 - FEDERAL GRANT

The Fire Board was awarded a federal grant of approximately \$88,664 during the fiscal year. \$68,000 was received and utilized for the purchase of air packs as stipulated in the grant. The remaining \$20,664 was released subsequent to year end, utilized on a building ventilation system, paid during August and October 2006. Compliance to grant requirements were met.

NOTE 9 - LOCAL UNIT CONTRIBUTIONS & CONTRACT REVENUES

The annual approved budget for operations and capital equipment reserves is supported by contributions from the member units of the Fire Board in proportion to their respective share - determined by a formula that incorporates population, risk, percentage of fire runs in a unit's area, etc. The City of Hartford contributed a total of \$54,288, with \$5,000 in capital equipment restrictions. The Township of Hartford contributed a total of \$78,934, with \$5,000 in capital equipment restrictions.

The Fire Board also provides services to the Township of Bangor (not a member unit).

NOTE 10 - PRIOR PERIOD ADJUSTMENTS

The prior audited fund balances were adjusted for the following:

- 1) Analysis of the timing of the insurance premiums paid resulted that insurance premiums had been prepaid in the amount of \$3,494.
- 2) It was determined that the City of Hartford and Township of Hartford had each contractually restricted \$5,000 of its annual contributions for services to the creation of an equipment sinking fund. This 10 year contract exists until the year 2007. The Capital Equipment fund was created to reflect this third party restriction.

REQUIRED SUPPLEMENTAL INFORMATION

**HARTFORD FIRE BOARD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 173,922	\$ 173,922	\$ 173,922	\$ 0
Resources (Inflows)				
Grants	0	0	88,664	88,664
Contributions from local units	124,422	124,422	125,036	614
Charges for services	0	0	1,256	1,256
Interest and rentals	2,000	2,000	5,746	3,746
Donations	0	0	0	0
Miscellaneous revenues	1,400	1,400	5,984	4,584
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	301,744	301,744	400,608	98,864
Charges to Appropriations (Outflows)				
Public Safety				
Salaries	4,100	4,100	4,029	71
Payroll taxes	350	350	308	42
Firemans labor	38,512	23,612	23,583	29
Operating supplies	4,443	4,220	4,214	6
Utilities	9,346	8,346	7,108	1,238
Repair & maintenance/fuel	38,762	44,490	44,099	391
Training expense	4,599	5,599	5,367	232
Insurance	22,009	23,325	23,324	1
Legal and professional	4,200	4,200	4,131	69
Miscellaneous/bank service charges	1,401	980	979	1
Capital outlay				
Grant capital outlay	0	69,600	69,593	7
Other capital outlay	10,000	17,400	17,372	28
Transfers to other funds	0	7,600	7,539	61
Total Charges to Appropriations	137,722	213,822	211,645	2,177
Budgetary Fund Balance-June 30	<u>\$ 164,022</u>	<u>\$ 87,922</u>	<u>\$ 188,962</u>	<u>\$ 101,040</u>

**HARTFORD FIRE BOARD
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Beginning of Year Fund Balance	\$ 87,553	\$ 87,553	\$ 87,553	\$ 0
Resources (Inflows)				
Contributions from local units	10,000	10,000	10,000	0
Interest	0	0	5,015	5,015
Donations	0	0	300,000	300,000
Transfers from other funds	0	7,600	7,539	61
Amounts Available for Appropriation	<u>97,553</u>	<u>105,153</u>	<u>410,107</u>	<u>304,954</u>
Charges to Appropriations (Outflows)				
Public Safety				
Capital Outlay	0	0	0	0
Transfers to General Fund	0	0	0	0
Total Charges to Appropriations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgetary Fund Balance-June 30	<u>\$ 97,553</u>	<u>\$ 105,153</u>	<u>\$ 410,107</u>	<u>\$ 304,954</u>

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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430 WESTERN AVENUE, SUITE B
ALLEGAN, MICHIGAN 49010

February 2, 2007

Members of the Board
Hartford Fire Board
Hartford, MI 49057

We have audited the books and records of the Hartford Fire Board, as of and for the year ended June 30, 2006.

In conjunction with our audit, and based on inquiries of management, as well as observations, we offer the following comments and recommendations for your consideration.

Firemen's Payment For Services

The Fire Board pays its fire chief and volunteer firemen as subcontracted laborers. We feel that the nature of the positions should be evaluated against the IRS rules and regulations for employees vs subcontractor reporting. Control of schedules and training, ownership of equipment, and written documents point to possible employee arrangements. The services paid are currently being reported on Form 1099s according to IRS subcontractor filing standards, however, it is prudent that the relationships be gauged by management. Exposure exists for recharacterization for payroll tax by the IRS. Any payroll tax reporting changes should be converted effective January 1, 2007, the start of the payroll calendar year. We call this to your immediate attention.

Segregation of Duties

In order to maintain strong internal controls over cash receipts and disbursements, we recommend periodic review of the bank reconciliations and transaction processing. We note that the financial statements are reviewed and approved at each Board meeting.

Budget Reporting

We have observed that the budget is evaluated regularly in the Board's monthly meetings. It is our recommendation that all changes and amendments be clearly documented in the minutes. Year end amendments and final budget reports are critical to demonstrate that the Board has fulfilled its fiscal responsibilities.


Uninsured Funds

The Fire Board has bank accounts in two banks, with a total of \$322,028 over the federally insured level as of June 30, 2006. We recommend that no more than \$200,000 be maintained in any one bank, \$100,000 limit each in savings and demand accounts, to avoid risk of uninsured losses that may occur.

Other Matters

In general the Board's books and records are in acceptable condition. All management functions are performing at an acceptable level of reliability. We greatly appreciate the complete cooperation of all the management personnel.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants